MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2018/2019

BIM 2094 – INTERNATIONAL MANAGEMENT

(All Sections / Groups)

27 MAY 2019
2.30 p.m. – 4.30 p.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 4 pages with **THREE** (3) questions only.
2. Attempt **ALL** the questions. The distribution of the marks for each question is provided.
3. Please write all your answers in the answer booklet provided.

SECTION A: ANSWER ALL QUESTIONS

QUESTION 1

The Darby Company is a medium-sized communications technology company headquartered on the west coast of the United States. Among other things, Darby holds a patent on a mobile telephone that can operate effectively within a 5-mile radius. The phone does not contain state-of-the-art technology, but it can be produced extremely cheaply. As a result, the Chinese government has expressed interest in manufacturing and selling this phone throughout its country.

Preliminary discussions with the Chinese government reveal some major terms of the agreement that it would like to include: (1) Darby will enter into a joint venture with a local Chinese firm to manufacture the phones to Darby's specification; (2) these phones will be sold throughout China at a 100 percent mark up, and Darby will receive 10 percent of the profits; (3) Darby will invest $35 million in building the manufacturing facility, and these costs will be recovered over a five-year period; and (4) the government in Beijing will guarantee that at least 100,000 phones are sold every year, or it will purchase the difference.

The Darby management is not sure whether this is a good deal. In particular, Darby executives have heard all sorts of horror stories regarding agreements that the Chinese government has made and then broken. The company also is concerned that once its technology is understood, the Chinese will walk away from the agreement and start making these phones on their own. Because the technology is not state-of-the-art, the real benefit is in the low production costs, and the technological knowledge is more difficult to protect.

For this part, the Chinese government has promised to sign a written contract with Darby, and it has agreed that any disputes regarding enforcement of this contract can be brought, by either side, to the World Court at the Hague for resolution. Should this course of action be taken, each side would be responsible for its own legal fees, but the Chinese have promised to accept the decision of the court as binding.

Darby has 30 days to decide whether to sign the contract with the Chinese. After this time, the Chinese intend to pursue negotiations with a large telecommunications firm in Europe and try cutting a deal with it. Darby is more attractive to the Chinese, however, because of the low cost of producing its telephone. In any event, the Chinese are determined to begin mass producing cellular phones in their country. "Our future is tied to high-tech communication," the Chinese minister of finance recently told Darby's president. "That is why we are so anxious to do business with your company; you have quality phones at low cost." Darby management is flattered by these kind words, but still unsure if this is the type of business deal in which it wants to get involved.

Source: Adapted from Luthans and Doh (2012). A Chinese Venture. *International Management: Culture, Strategy and Behavior* (8 ed, pp 59). McGraw Hill.

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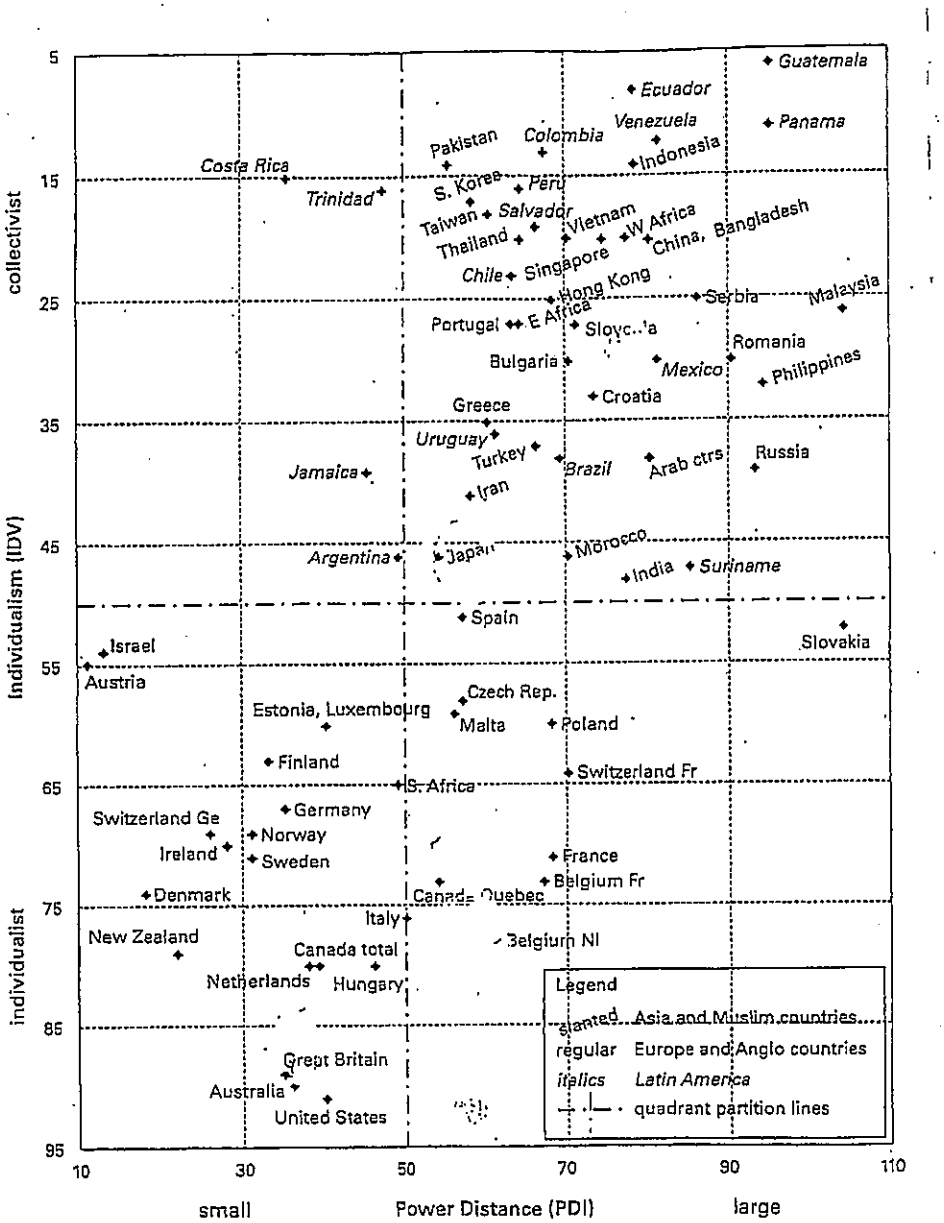
Figure1: Hofstede's Cultural Dimension Score Sheet



Source: From Hofstede and Hofstede, *Cultures and Organizations: Software of the Mind.* Copyright © 2005 The McGraw-Hill Companies, Inc. Reprinted with permission.

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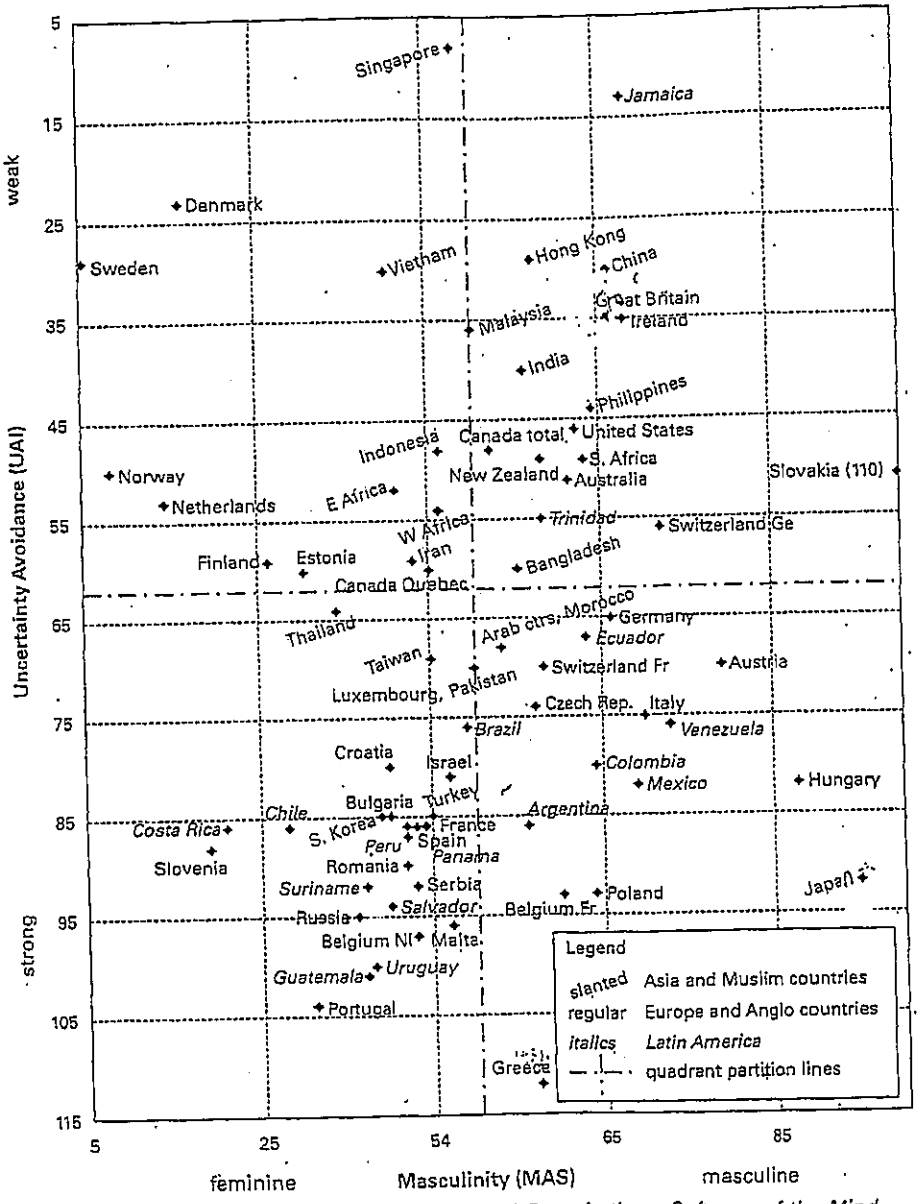
Figure2: Hofstede's Cultural Dimension Score Sheet



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a) Using Hofstede's cultural dimensions score sheets in Figure 1 and Figure 2 as a point of reference, what are the **FOUR(4)** cultural differences between United States and China? (16 marks)

b) Discuss **FOUR (4)** types of verbal communication styles that Darby Company can use to communicate and negotiate effectively with the Chinese government. (16 marks)

c) Provide **TWO (2)** potential risks that are likely to be faced by Darby Company. (6 marks)

d) In your opinion, do you think this is a good deal that Darby Company should sign the contract with the Chinese government? Provide **THREE (3)** points to support your opinion. (12 marks)

[Total: 50 marks]

SECTION B: ANSWER ALL QUESTIONS

QUESTION 1

a) Discuss **TWO (2)** types of entry strategies that a Multinational Corporation (MNC) can use to venture into an emerging market. (10 marks)

b) Discuss **FIVE (5)** differences between Japanese and United States leadership styles. (15 marks)

[Total: 25 marks]

QUESTION 2

a) Microsoft is weighing setting up an R&D facility in India to develop new software application. Should it staff the new facility with Microsoft employees? Indian employees? Or should it subcontract with an Indian firm? Explain your answer and discuss **ONE (1)** potential challenge in implementing each of it. (15 marks)

b) Discuss **TWO (2)** types of negotiation tactics that a Multinational Corporation (MNC) can use in an international negotiation. Illustrate your answer with relevant examples. (10 marks)

[Total: 25 marks]

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